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Recruit Ax Continues To Fall

Tokyo prosecutor Yusuke Yoshinaga has netted the first politicians in his 10-month crusade to uncover graft in Japanese politics. Takao Fujinami, a Liberal Democratic Party member and former Prime Minister Yasuhiro Nakasone's chief cabinet secretary, and Katsuya Ikeda, a Komeito member, were formally charged May 22 with receiving money and preflotation shares of Recruit Cosmos Co., Ltd. stock from its parent company, Recruit Co., Ltd., in exchange for political favors. The Tokyo prosecutor's office so far has arrested 13 people in connection with the Recruit case; eight already have been indicted. Some 44 politicians, including Prime Minister Noboru Takeshita, have chosen or been forced to resign to atone for their involvement in the most serious case of political influence-buying in recent Japanese history.

Charges against Messrs. Fujinami and Ikeda revolve around efforts by Recruit founder and former chairman Hiromasa Ezoe in 1986 to affect Diet action on a law governing employment practices. The statute, which prohibits Japanese employers from recruiting university students until they are midway through their senior year, benefited Recruit's main business of publishing help-wanted

Trade and Payments Data

(in millions of dollars unless otherwise indicated)

	1987	1988	January-March 1988	January-March 1989	January 1989	February 1989	March 1989
Japan's Balance of Payments							
Trade Balance	$96,386	$95,012	$21,021	$21,280*	$4,174*	$9,023*	$8,083*
Exports (f.o.b.)	224,605	259,765	59,345	66,680*	18,781*	21,995*	25,904*
Imports (f.o.b.)	128,219	164,753	38,324	45,400*	14,607*	12,972*	17,821*
Current Account Balance	87,015	79,631	18,421	15,761*	1,734*	7,706*	6,321*
Long-Term Capital (net)	-136,532	-130,930	-15,142	-5,487*	-4,590*	-3,354*	2,457*
Overall Balance	-29,545	-28,982	8,694	23,954	2,759	5,190	16,005
International Reserves (end of period)	81,479	97,662	84,857	99,353	98,177	98,830	99,353
Japan's Customs Clearance Trade							
Trade Balance	79,706	77,563	15,774	17.100	3,248	7,238	6,614
Exports (f.o.b.)	229,221	264,917	60,279	68,247	19,367	22,383	26,497
Cars	35,693	38,671	8,981	10,088	3,226	3,445	3,417
Steel	12,610	15,322	3,292	3,812	1,082	1,248	1,482
Imports (c.i.f.)	149,515	187,354	44,505	51,147	16,118	15,146	19,883
Crude Oil	20,663	18,852	5,744	5,147	1,599	1,602	1,945
Manufactured Products	65,961	91,838	20,998	25,588	7,914	7,580	10,093
Japan-U.S. Trade							
Trade Balance	52,090	47,597	9,769	11,162	2,972	4,176	4,014
Exports (f.o.b.)	83,580	89,634	19,859	22,728	6,505	7,572	8,651
Imports (c.i.f.)	31,491	42,037	10,090	11,566	3,534	3,396	4,637
Yen-Dollar Exchange Rate (average for period)	Y144.64	Y128.15	Y128.0	Y128.5	Y127.2	Y127.8	Y130.4
U.S. Trade							
Trade Balance	-152,119	-118,716	-29,360	-23,764	-8,738	-8,724	-6,303
Exports (f.a.s.)	254,122	322,225	76,234	88,867	27,295	27,964	33,609
Imports (Customs)	406,241	440,940	105,594	112,631	36,032	36,687	39,912
U.S.-Japan Trade							
Trade Balance	-56,326	-52,070	-12,184	-12,407	-3,533	-4,650	-4,223
Exports (f.a.s.)	28,249	37,732	8,837	10,399	2,939	3,292	4,168
Imports (Customs)	84,575	89,802	21,021	22,806	6,473	7,942	8,391

*Preliminary

Japanese Economic Indicators

(percent change from year-earlier period unless otherwise indicated)

	1987	1988	January-March 1988	January-March 1989	January 1989	February 1988	March 1988
Discount Rate (end of period)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Outstanding Money Supply	10.4%	11.2%	12.1%	10.3%	10.0%	10.4%	10.3%
Industrial Production	3.4%	9.4%	10.6%	8.1%	8.9%	4.6%	10.1%
Manufacturing Operating Rate	0.1%	6.0%	6.9%	3.1%	5.0%	-0.1%	4.6%
Number of Bankruptcies	-27.1%	-20.0%	-22.9%	-26.3%	-32.9%	-27.5%	-19.2%
Residential Construction Starts	22.7%	0.6%	16.8%	-5.8%	-8.3%	-9.5%	-0.5%
Job Openings to Applications (ratio)	0.70	1.02	0.88	1.14	1.14	1.15	1.13
Nominal Wages	1.9%	3.8%	2.3%	4.3%	6.2%	3.5%	3.3%
Labor Productivity	5.8%	11.5%	12.4%*	9.9%*	9.9%	n.a.	n.a.
Wholesale Prices	-3.7%	-1.0%	-1.0%	0.2%	-0.1%	0.3%	0.5%
Consumer Prices	0.1%	0.7%	0.8%	1.1%	1.1%	1.0%	1.1%
Yen-Based Export Prices	-5.1%	-2.2%	-5.6%	2.5%	2.3%	2.1%	3.2%
Yen-Based Import Prices	-8.3%	-4.6%	-3.9%	0.5%	-1.4%	0.7%	2.3%

*January of each year only.

For Japan's most recent GNP figures, see JEI Report No. 12B, March 24, 1989.